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C O N F I D E N T I A L SECTION 01 OF 08 ATHENS 001563

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AMEMBASSY ANKARA PASS TO AMCONSUL ADANA
AMEMBASSY ASTANA PASS TO USOFFICE ALMATY
AMEMBASSY BERLIN PASS TO AMCONSUL DUSSELDORF
AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG
AMEMBASSY BELGRADE PASS TO AMEMBASSY PODGORICA
AMEMBASSY HELSINKI PASS TO AMCONSUL ST PETERSBURG
AMEMBASSY ATHENS PASS TO AMCONSUL THESSALONIKI
AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

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SUBJECT: MOD VENIZELOS LAYS OUT VIEWS BEFORE PARLIAMENT

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CLASSIFIED BY: Deborah A. McCarthy, Deputy Chief of Mission; REASON:
1.4(B), (D)

¶1. (C) SUMMARY. New Minister of Defense Evangelos Venizelos recently told Parliament that he will take an "extremely cautious" view towards NATO's Strategic Concept, that he wants to avoid Aegean tensions but will resist flagrant Turkish violations of international law and threats of violence, and that he wants to reduce defense spending to average OSCE levels. In an October 18 speech during a Parliamentary session on the new government's program, Venizelos also covered the issues of military strategy, defense procurement, the role of the Greek military outside of "war," and reform of the military. Venizelos, a pugnacious, proud, at-times caustic politician from Thessaloniki, is an eloquent orator with little foreign policy and no military experience. From unraveling the murky, politicized tanglings of Greek defense procurement to streamlining the way the Ministry operates, he faces a steep uphill battle, and it is unclear how much political capital PM Papandreou will be willing to invest to help him as the PM balances both the Foreign Ministry portfolio and an economy in dire straits. END SUMMARY.

The Speech

¶2. (U) MOD Venizelos spoke in Parliament on October 18 during general discussion on the new Papandreou government's program, before the vote of confidence for the new PM, which he won without difficulty. Following Papandreou's programmatic statement before the Parliamentarians, each of his Ministers outlined their views, goals, and priorities. Venizelos will have to turn his outline into a real MOD budget to submit to Parliament by December this year. His speech ran the gamut of Defense policy issues:

RELATIONSHIPS: Venizelos first commented on the European Security and Defense Policy (ESDP), noting the need for Greece to formulate an active policy within the framework of ESDP. He then turned to the United States, stating "In the same context we have a complete sense of the significance of Greek-American relations also in the area of defense, relations which despite of the difference of the volume between the two states, are undoubtedly governed by the principle of mutual respect and equality between the two sides."

NATO: Venizelos had sharper words for NATO, and Turkey within that context, stating: "Greece is an old, historic member of NATO, since the mid-1950s. Nonetheless we have been always carrying the burden from the self-evident fact that the country's major security problem originates from within and not from outside of the Alliance." He laid down a marker looking ahead to the coming debate at NATO on the Alliance's Strategic Concept, stating: "Thus we are participating with extreme caution to the discussions and the consultations for the new strategic doctrine and NATO's new structure. Nonetheless, all issues associated with the operational control, could become accepted only when they are clear regarding their regulatory context and operational. We cannot accept anything different."

GREEK-TURKEY RELATIONS: Beyond the barb buried in the NATO comments, Venizelos led off his speech with a hard line on the

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Aegean: "Greece wants to avoid tensions. [Greece] respects the agreed confidence building measures but resists the flagrant violations of international law which are manifested as threat of war or the threat to use of violence."

MILITARY BUDGETS: Following an acknowledgement of Greece's commitment to participate in UN, NATO, EU, and OSCE missions, Venizelos cut to the chase on the state of Greece's large defense budget: "On the other hand the financial burden which Greece is paying for defense and security is excessively high when compared to the price which is paid by other countries - members of the EU and NATO. Greece's defense spending in GNP percentage brings her in the second place after the United States of America. And [since] this is happening within the conditions of an international financial crisis you can understand that the price is heavy and unproductive. The MOD's contribution to the effort to curtail the country's financial problem, must be as much and as practical as possible. Starting with the preparation of the draft for the budget of FY 2010 we will make every effort in order to start implementing a budget of programs and not a conventional, self-reproduced budget. Our goal is to increase through series of measures the effectiveness of spending at the average levels of OSCE and most certainly - I must say this for the sector of Defense - to drastically curtail waste."

MILITARY STRATEGY: "The Armed Forces mission is the maintenance and augmentation of the country's diplomatic power. This is the essential political and practical context of the country's defense - deterrence doctrine which governs our policy. This is the only way that the protection of the land, sea and air borders of the country can be effectively achieved. This is

the only way, within a tough environment, our sovereignty makes sense, our sovereign rights are protected and the jurisdictions which derive from international treaties or international organizations' resolutions are effectively exercised."

PROCUREMENT (+ OFFSETS): "The ineffective and almost ailing situation which prevails in the field of the so-called offsetting

benefits (Comment: offsets) which do not produce the anticipated results, is abolished. We have worked and we will keep working on more comprehensive measures which are genuinely supporting the Greek industry, the Greek business enterprises, to the extent that is allowed by the EU law, in such a way that the country will be acquiring defense technology in cutting-edge sectors, because it is very important for the Armed Forces to be the innovators in Greece too in the sector of research and development."

MILITARY OPERATIONS OTHER THAN WAR: "The Armed Forces contribution to the effort against the illegal immigration flow in cooperation with the Greek Police is evolving. The most important [role] though is [the role] in the civil protection. Civil protection, the management of crises because of natural disasters has become an element of the core of national sovereignty of every state. It is very significant operationally wise, for the Armed Forces to be ready and to have adequate forces, adequate teams of properly trained and equipped men. The citizen will feel that in any event of earthquake, fire, flood the Armed Forces are there to protect him, are tasked with the citizen's protection."

MILITARY REFORM: Venizelos devoted a significant portion of his speech to plans for reforming the Greek military. Topics included curtailing waste by better tracking fuel movement; bringing defense program planning and evaluation under the aegis of Parliament's Foreign Affairs and Defense Committee; restructuring the forces

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with an eye toward jointness, flexibility, and the ability to deploy quickly; building a higher esprit de corps; and defending the new policy, implemented under Karamanlis, of a nine-month conscript service in the army.

Our Initial Comments

¶4. (C) The neutral manner in which Venizelos discussed the U.S. should be noted, in comparison to past public statements during his extensive political career, which bordered on bombastic anti-U.S. rhetoric. Supporting NATO publicly in Greece will never win a politician of any party votes or favor, so Venizelos' cool comments toward NATO came as no surprise, but we were struck by the fact that Venizelos made no remark whatsoever concerning NATO's role in providing greater security to Greece or southeastern Europe over the years, and pointedly remarked that the greatest threat to Greece has "always" come from within the Alliance rather than from without.

¶5. (C) Greece has always been one of the few NATO Allies to earn high marks in terms of defense spending (although the spending has not always been prioritized rationally, or in ways to meet the threats the Alliance faces today); however, both Papandreu and Venizelos clearly have their sights set on trimming that budget. Significantly, Venizelos tied desired Greek defense spending to that of "OSCE levels," vice NATO levels. Should Venizelos prove able to produce a budget in December with significantly reduced spending, this will have ramifications on both Greece's NATO deployments, as well as defense procurement from the U.S. We are skeptical of his ability to deliver on the "two-sided projects" domestically that would aim to deliver both a development and defense aspect. This oft-repeated wish of Ministers past of somehow integrating defense spending with community welfare programs has never been achieved to any appreciable degree.

¶ 6. (C) We believe that Venizelos means business when he talks about abolishing offsets in future defense procurement. We do not have information at present that would lead us to believe that Venizelos intends to renege on existing offsets arrangements with U.S. defense companies. We do believe that he will make a push with U.S. companies and those from other countries to attract more co-production to Greece. However, MODs for the past twenty-five years have sought to do the same, and Greece has never proven able to effectively accomplish this due to a host of reasons, including the small size of Greek defense-related entities, political bickering, and the absence of clear "rules of the game" that discourages foreign partners. The failing Skaramangas Hellenic Shipyards and ongoing squabbles between German owners ThyssenKrupp AG and the MOD are only the most recent example of this.

¶ 7. (C) Venizelos' value as an interlocutor of the United States remains to be seen, and the Ambassador will meet with him in the near future. An April 2008 Embassy report (ref B) while he was a prominent opposition figure noted that despite Venizelos' public persona as a frequently-bombastic critic of the U.S., in a meeting with the Ambassador he was "unexpectedly moderate, pragmatic, and thoughtful." A 2007 report while he was challenging for the PASOK leadership (ref C) characterizes him as "sharp, witty, and bullying," and describes him as "... while not anti-American, not a great admirer of the U.S." Reftel A reported on Venizelos' career notes. In his career, he has aligned himself with the "hawks" of

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his party on Turkish issues, though did, as Minister of Culture, sign a Greek-Turkish protocol on reforming school history books to reduce mutual hostility in their curricula.

¶ 8. (C) Unofficial Embassy translation of Venizelos' speech follows:

BEGIN TEXT:

Ladies and Gentlemen members of the parliament, in a world full of tensions, crises and insecurities it is very important for every Greek man and Greek woman to sense that the country has Armed Forces that carry out their mission within the framework of the Constitution. The mission -and do not consider these words as shallow cliches -- is the defense of the integrity, independence, but also the dignity of the country. The Armed Forces mission is the maintenance and augmentation of the country's diplomatic power. This is the essential political and practical context of the country's defense - deterrence doctrine which governs our policy. This is the only way that the protection of the land, sea and air borders of the country can be effectively achieved.

This is the only way, within a tough environment, our sovereignty makes sense, our sovereign rights are protected and the jurisdictions which derive from international treaties or international organizations' resolutions are effectively exercised. Most certainly of course in our era "sovereignty" mostly means the ability to predict, deter and manage crises.

Greece wants to avoid tensions. [Greece] respects the agreed confidence building measures but resists the flagrant violations of international law which are manifested as threat of war or the threat to use of violence.

I am sending out today from the floor of the Greek national assembly, the message that our country has strategic composure and good faith. [Our country] is not prone to react on impulsive, and representational in nature provocations which lack depth. Nonetheless [our country] is not going to accept any slack regarding the protection of our national interests. In this context, the Joint Defense Area of Greece and Cyprus; namely the cooperation between two independent and sovereign countries -members of the European Union, is of particular importance and not only a symbolic one.

Ladies and Gentlemen members of the parliament, at the dawn of the 21st century patriotism is neither the bravado nor the harsh rhetoric; patriotism is the thorough knowledge of history and the good sense of the order of powers, regional and international, the perpetual practical utilization of the margins that the subject order accommodates, in such a way that actual results are produced in relation to the defense of national interests.

Thus, it is very important for Greece, a country which is a member of the European Union and the euro-zone, to formulate an active policy within the framework of the European security and defense policy, to co-formulate the European security and defense policy.

In the same context we have a complete sense of the significance of
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Greek-American relations also in the area of defense, relations which despite of the difference of the volume between the two states, are undoubtedly governed by the principle of mutual respect and equality between the two sides.

Greece is an old historic member of NATO, since the mid-50s. Nonetheless we have been always carrying the burden from the self-evident fact that the country's major security problem originates from within and not from outside of the Alliance.

Thus we are participating with extreme caution to the discussions and the consultations for the new strategic doctrine and NATO's new structure. Nonetheless, all issues associated with the operational control, could become accepted only when they are clear regarding their regulatory context and operational. We can not accept anything different.

In this spirit, Greece participates in a large number of international missions within the framework of United Nations, NATO, European Union, OSCE. [Greece] participates in the defense cooperation of SE European countries. Next Tuesday and Wednesday I will participate in the SE European Countries Defense Ministers conference, on Thursday and Friday at the informal conference of NATO Defense Ministers. [Greece] has signed and implemented numerous bilateral defense cooperation agreements always promoting the aforementioned notion, which is a notion for the continuous accommodation of peace and stability in the wider region.

On the other hand the financial burden which Greece is paying for defense and security is excessively high when compared to the price which is paid by other countries - members of the EU and NATO. Greece's defense spending in GNP percentage brings her in the second place after the United States of America. And [since] this is happening within the conditions of an international financial

crisis you can understand that the price is heavy and unproductive. The MOD's contribution to the effort to curtail the country's financial problem, must be as much and as practical as possible. Starting with the preparation of the draft for the budget of FY 2010 we will make every effort in order to start implementing a budget of programs and not a conventional, self-reproduced budget. Our goal is to increase through series of measures the effectiveness of spending at the average levels of OSCE and most certainly - I must say this for the sector of Defense - to drastically curtail waste.

Since this sounds excessively abstract, I will give you an example which I reckon will resonate our spirit:

A system of electronic control of the movement of fuel from and to every direction will be imposed on the entire spectrum of the Armed Forces. I believe that this will be the first actual and simple case in point regarding the way we are increasing the effectiveness of spending and how we are reducing waste. In the sector of armaments programs a heavy cloud of suspicion is suspended over the country for many years, which is often poisoning public life. We are not as a government, I am personally not intending, and the same applies for the Alternate Defense Minister Mr. Beglitis, to be willing to tolerate the perpetuation of this situation. And while perhaps the volume of defense programs is much smaller, vividly smaller, from the entire public spending on the conventional building projects or for investment on other cutting-edge sectors

such as for instance the energy, it is nonetheless very significant for the MOD to apply exemplary transparency rules on defense programs. Thus all relevant procedures from the stage of long-term

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planning and standards all the way to the final contract are placed under the actual auditing of the National Assembly's Standing Committee on Foreign Affairs & Defense to which we are proposing to establish a special sub-committee in order for its work to be more flexible and effective.

All contracts are under an actual and not a simply formal pre-contract auditing by the [State] Audit Council. The relevant legislation will be amended as soon as possible, in order to become simple, transparent, easy to read and compatible to the relevant EU guideline.

The ineffective and almost ailing situation which prevails in the field of the so-called offsetting benefits which do not produce the anticipated results, is abolished. We have worked and we will keep working on more comprehensive measures which are genuinely supporting the Greek industry, the Greek business enterprises, to the extent that is allowed by the EU law, in such a way that the country will be acquiring defense technology in cutting-edge sectors, because it is very important for the Armed Forces to be the innovators in Greece too in the sector of research and development.

It is very important to promote in cooperation with the Ministries of Finance and Economy, projects which you will allow me to label as "two-sided projects," projects of simultaneous development and defense, project of small, medium and large scale. In many provinces of the country this is attainable and necessary. Thus, a certain expenditure for a project which is developing in nature also incorporates defense gains, which in many cases are many more than the gains which are provided by very expensive but unreliable and non-integrated weapon systems.

All these of course, require a new Armed Forces structure, a structure -you have

heard this numerous times- based on jointness, with flexible units, smartly manned, swiftly deployable which are utilizing the actually available and not theoretically available human resources and which certainly utilize all assets, [which] integrate completely the weapon systems which the Greek people pay with its savings.

Our three goals for the operational sector are perpetual training, modern functional assets and high esprit de corps. But the esprit de corps presupposes a single method for the implementation of command of the Armed Forces, which according to the Constitution of course belongs to the government's jurisdiction. The government is commanding the Armed Forces with the criteria of merit, equal standards, state of law, the professionalism and capabilities of each soldier to be able to comply with his position's demands. It is only when the Armed Forces human resources -military and civilian personnel- believes that his dignity and personality are respected, it is only then that it is becoming productive [and] is responding to the state's challenge.

The conscientious and effective discipline is based on the respect of human rights in the Armed Forces. There is no Constitutional or legislation gap in the military. And this is including the position of the woman, the equality of sexes in the Armed Forces. All personnel, military and civilian, should know, I want them to know, that their problem is our problem, that the care of their families is our care that their reasonable anxiety for their income, for their social security situation, for their pension prospects is our

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anxiety, too.

The new law on the service situation of officers will formulate a framework of transparent and secure development and completion of the career of all officers according to their qualifications, their merit, [and] all those that I mentioned before regarding professionalism in the Armed Forces. The phenomenon of a whole Army of young retirees, at an age in which they can perform, to return the investment which country has made on them, will no longer exist. I am addressing all Greek families, in all of our country's children, those in conscription service and those eligible for conscription. The 9-month conscription service is becoming an actuality. Each young man who is recruited in the Armed Forces will be certain that he joins an institution which is fair, rational and civilized. The joke that the military begins where logic stops does not apply any more. Each young man will be recruited in the Armed Forces according to his formal and actual qualifications as this is provided by the article 5, paragraph 1 of the Constitution. Deviations will be tolerable only for legislated social reasons, obvious and understandable to all.

But even this 9-month service will be a productive conscription service, a creative experience, because every one will be able to increase his qualifications and dexterities, to attend second-chance schools, to attend vocational and training programs in cooperation with the competent Ministry of Education. And all these will be officially certified, in order to have a quid pro quo -if you will, from the state to the young citizen who is offering his armed services to the country.

In the same spirit we also looked already at the serious problem of professional soldiers, the so-called EPOP. The relevant Army recruitment process is coming to its completion. It will be completed with the intervention of a legislative amendment which

will be excluding the parameter of the interview. The interview was not conducted as this is imposed by the opinion finding of the State Council and therefore it will be arranged legislatively to re-draft the relevant [recruitment] rosters. This means a 4.7% change but the 100% of the interested persons and their families will rest assured that this time transparent and objective criteria prevailed.

The recruitments in the Air Force and the Navy are starting now and will be completed according to this new framework.

The Armed Forces are serving the society not only by accomplishing their main mission which I described in relation to the defense of the integrity and independence of the country, but also on a daily basis. The Armed Forces are giving life and can give much more life to numerous islands and desolated provinces.

The Armed Forces contribution to the effort against the illegal immigration flow in cooperation with the Greek Police is determining. The most important [role] though is [the role] in the civil protection. Civil protection, the management of crises because of natural disasters has become an element of the core of national sovereignty of every state. It is very significant operationally wise, for the Armed Forces to be ready and to have adequate forces, adequate teams of properly trained and equipped men. The citizen will feel that in any event of earthquake, fire, flood the Armed Forces are there to protect him, are tasked with the citizen's protection.

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The [deactivated] military installations will be indeed given wherever there is an urban webbing to the local communities in the context of the new urban development and environmental concept which has to prevail all over the country. The medical infrastructure and capabilities of the Armed Forces will offer as many more services to the Greek society as possible without undermining the planning and readiness of the Armed Forces.

Finally the thing that we call "model of green development" in the controlled space of the Armed Forces can find an immediate and effective implementation, not only in relation to energy and the management of waste and garbage but also in relation to the construction and operation of installations and military infrastructures in general. Ladies and gentlemen of the national assembly, the Armed Forces area, the area of National Defense is the privileged and necessary field of consensus. We will respect this. This is the mission that the Alternate Defense Minister Mpeglitis and I have been tasked with and have the obligation to the Prime Minister, the National Assembly and the Greek people to accomplish completely and with absolute sense of responsibility.

With these thoughts I am calling you to provide a vote of confidence to the Government.
Speckhard